(1) Supreme Court, U.S.
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No. _____

IN THE

Supreme Court of the United States

FINANCIAL SERVICES
MARKETING CORPORATION,

Petitioner,

v.

WORDPERFECT CORPORATION, NOVELL, INCORPORATED,
AND COREL CORPORATION, LIMITED,

Respondents.

On Petition for Writ of Certiorari
To the United States Court of Appeals
For the Fifth Circuit

PETITION FOR WRIT OF CERTIORARI

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Issues Presented

1. Should this Court grant the petition to address the conflict between the Courts of Appeals for the Fifth Circuit and the Federal Circuit regarding the requirement of ownership of intellectual property as a component of standing to bring trademark claims?

2. Does a party which has no right, title or interest in a trademark, or a group of marks, or has made no showing of a potential future harm, have constitutional standing to pursue solely injunctive relief for the infringement of that trademark or group of marks?

Parties to the Proceedings in the Court of Appeals

Financial Services Marketing Corporation

WordPerfect Corporation

Novell, Incorporated

Corel Corporation, Limited.

Corporate Disclosure Statement

Pursuant to Supreme Court Rule 29.6, Petitioner Financial Services Marketing Corporation discloses that it has no parent corporations and that no publicly held company owns 10% or more of its stock.

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Opinions Below

The decision of the United States court of appeals for the Fifth Circuit (Appendix, pp. A-2 through A-3) is unreported. The rulings of the United States District Court for the Northern District of Texas (Appendix pp. A-4 through A-27, A-28 through A-29 and A-30 through A-34) are unreported.

On prior appeal, the decision of the court of appeals was reported as unpublished at 85 F.3d 619 (1996) and the rulings of the district court were unreported.

Statement of Jurisdiction

The court of appeals entered judgment in this matter on June 7, 2000. (Appendix, pp. A-2 through A-3). This Court's jurisdiction is invoked pursuant to 28 U.S.C. § 1254(2).

Constitutional Provisions and Statutes at Issue

Constitution of the United States of America, Article III:

Section 2. The judicial power shall extend to all cases, in law and equity, arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; – to all cases affecting ambassadors, other public ministers and consuls; – to all cases of admiralty and maritime jurisdiction; – to controversies to which the United States shall be a party; – to controversies between two or more states; –

between a state and citizens of another state; – between citizens of different states; – between citizens of the same state claiming lands under grants of different states, and between a state, or the citizens thereof, and foreign states, citizens or subjects.

In all cases affecting ambassadors, other public ministers and consuls, and those in which a state shall be party, the Supreme Court shall have original jurisdiction. In all the other cases before mentioned, the Supreme Court shall have appellate jurisdiction, both as to law and fact, with such exceptions, and under such regulations as the Congress shall make.

The trial of all crimes, except in cases of impeachment, shall be by jury; and such trial shall be held in the state where the said crimes shall have been committed; but when not committed within any state, the trial shall be at such place or places as the Congress may by law have directed.

Title 15, Section 1116 of the United States Code:

(a) Jurisdiction; service

The several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office or to prevent a violation under section 1125(a) of this title. Any such injunction may include a provision directing the defendant to file with the court and serve

on the plaintiff within thirty days after the service on the defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found.

Statement of Facts

On November 29, 1990, Wordperfect Corporation ("WordPerfect") filed this action against petitioner, Financial Services Marketing Corporation ("FSMC") for, *inter alia*, trademark infringement and unfair competition in the United States District Court for the Northern District of Texas, Dallas Division (Record ("R") vol. 1, pp. 1 *et seq.*).

On May 26, 1994 the district court permitted Wordperfect to withdraw its claim for damages against FSMC, striking its jury demand and leaving only a claim for injunctive relief (R. vol. 5, pp. 814-16). One month later, on June 24, 1994, Wordperfect merged into Novell, Incorporated ("Novell"); Wordperfect Corporation ceased to exist after the merger (R. vol. 11, pp. 33-34; R. vol. 9, pp. 1953-68).[1]

The district court held a bench trial in January 1995 (the "1995 Trial") (R. vols. 11-17). On March 23, 1995, the district court entered judgment for Wordperfect/Novell (R. vol. 7, pp. 1430-52). The district court also certified an order to the Commissioner of Patents and Trademarks denying FSMC's application for registration of the mark "TAXPERFECT", pursuant to 15 U.S.C. § 1119 (R. vol. 7, p. 1460).

FSMC appealed the district court's judgment to the United States Court of Appeals for the Fifth Circuit on April 25, 1995 (R. vol. 7, p. 1461). On April 15, 1996 the court of

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[1]FSMC refers to this combined entity as Wordperfect / Novell or simply Novell in this petition.

appeals vacated the district court's judgment and order and remanded the case to the district court for further proceedings (R. vol. 8, pp. 1465-79).

Meanwhile, on March 1, 1996, Novell sold and transferred all of its rights, title, interest and goodwill in all of the trademarks at issue in this case to Corel Corporation, Limited ("Corel"), an Irish corporation (R. vol. 9, p. 1972). On January 14, 1997, a first Amended Complaint was filed by Novell and Corel, by which Corel joined the action, but was not substituted for Novell (R. vol. 8, pp. 1600-13). Corel sought injunctive relief precluding FSMC from infringing on a family of marks bearing the xxxx-perfect format by using the TAXPERFECT mark (R. vol. 8, pp. 1600-13).

On January 16, 1997 the district court held proceedings (the "1997 Trial") at which it took additional testimony as mandated by the court of appeals (R. vol. 18). During the 1997 Trial, Corel put on no evidence except the assignment of the relevant marks to it by Novell (R. vol. 18). Corel put on no evidence of its use or intent to use any mark or family of marks, nor of likelihood of confusion or potential injury (R. vol. 18).

On March 7, 1997 FSMC filed a motion to have Wordperfect / Novell dismissed from this case due to lack of standing (R. vol. 10, pp. 1842-48). The district court denied this motion (R. vol. 10, pp. 1869-72). The district court found that Novell retained an interest in this action sufficient to confer standing because factual determinations made by the district court in this case might have an effect on a separate action that

was proceeding between some of the parties in another court within the district (Appendix, pp. A-32, 33).

On August 3, 1999, the district court issued Amended Findings of Fact and Conclusions of Law and Amended Final Judgment (Appendix, pp. A-4 through A-27). The court again found for the plaintiffs and reissued the injunction, this time on behalf of Wordperfect, Novell, and Corel (Appendix, pp. A-28 through A-29).

On August 24, 1999, FSMC filed an appeal to the United States Court of Appeals for the Fifth Circuit (R. vol. 10, p. 1902). FSMC raised the issue of Wordperfect / Novell's standing and the failure of Corel to demonstrate a right to relief. On June 7, 2000, the court of appeals issued a memorandum opinion and judgment in which it affirmed the district court's actions in their entirety (Appendix, pp. A-2 through A-3). The issuance of mandate by the court of appeals has been stayed, pending the filing of this petition.

Reasons For Granting The Petition

The decision of the court of appeals retaining jurisdiction to uphold an injunction in this case conflicts with prior holdings of this Court and other courts of appeals regarding standing under the Constitution's Article III, section 2 "case or controversy" requirement.

The district court granted injunctive relief in favor of three parties, Wordperfect, Novell and Corel for a family of trademarks bearing the xxxx-perfect denomination. At the time

that the judgment was entered, Wordperfect did not exist, Novell did not own any rights in any of the trademarks in question, and Corel had put on no evidence of its use or intent to use any trademark, nor of any incident of actual confusion, likelihood of confusion or potential injury.

This Court has clearly enunciated the requirements for constitutional standing. To invoke the constitutional power of the federal courts to adjudicate a case or controversy under Article III, section 2, a party must allege and prove an injury that is, among other things, "likely to be redressed by the requested relief." *Allen v. Wright*, 468 U.S. 737, 751 (1984). With respect to injunctive relief, this Court has held that standing for injunctive relief requires a party to show, among other things, a likelihood of future injury. *City of Los Angeles v. Lyons*, 461 U.S. 95, 111 (1983). The Court has also held that a party's standing must remain extant at all stages of review. *Preiser v. Newkirk*, 422 U.S. 395, 401 (1975); *Arizonans for Official English v. Arizona*, 520 U.S. 43, 64-67 (1997).

Wordperfect and Novell are simply unable to demonstrate a likelihood of future harm because they have no rights in the trademarks for which they seek protection. The court of appeals' opinion, which expressly affirmed the district court's refusal to dismiss Novell from the case, thus contravenes this Court's rulings as to the constitutional requirements of standing.[2]

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[2]The court of appeals attempted to address at least part of the standing problem by ordering Wordperfect dismissed from the appeal, but without

Furthermore, as it relates to the area of federal trademarks, the court of appeals' opinion draws it into direct conflict with the Federal Circuit. *Gaia Technologies, Inc. v. Reconversion Technologies, Inc.*, 93 F.3d 774 (Fed. Cir. 1996). Specifically, the Federal Circuit has held that without legal title to the trademark at issue a party cannot have standing to bring trademark claims. *Gaia*, 93 F.3d at 780.

> Absent legal title of the Intellectual Property, Gaia lacked standing to bring the patent and registered trademark claims against the defendants. Accordingly, we reverse the district court's denial of the defendant's motion to dismiss the patent and trademark infringement claims based on Gaia's lack of standing to bring these claims. We consequently vacate the district court's entry of judgment . . .
>
> *Gaia*, 93 F.3d at 780.

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additional direction as to the injunction entered against FSMC by the district court on behalf of Wordperfect. Despite the district court's assertion in its order denying FSMC's motion to dismiss Novell that Wordperfect was no longer a party ("As such, WordPerfect is no longer a party to this suit, and Novell and Corel are the named plaintiffs. (Appendix, p. A-32)), in its Amended Findings of Fact and Conclusions of Law, it included Wordperfect as a party receiving relief when it lumped all three together as WPCORP in an apparent effort to resolve the standing conundrum (*See* Appendix, p. A-5). Thus, the injunction would appear to still stand, in part, in Wordperfect's name.

Additionally, the district court below found that Novell retained a stake in this action because factual determinations by the district court might affect the outcome of another lawsuit pending in another court in the district. (Appendix, pp. A-32, 33) Despite some nebulous stake in the factual determinations of the district court, Novell had no rights for which the district court could grant it relief. Without a redressable right, a party does not have constitutional standing. *Allen v. Wright*, 468 U.S. 737, 751 (1984). Accordingly, Novell and Corel were *per se* unable to establish their standing because they had no right or title in the trademarks at issue and because they could show no redressable injury.

The rulings with regard to Corel present a separate reason for granting this petition. The only evidence regarding Corel in the record is that the trademarks at issue were transferred to it (R. vol. 18). Corel never introduced any evidence as to the nature of its use of, its plans for use of, the likelihood of confusion with, nor any injury to, the alleged family of marks which it claimed was infringed by FSMC's TAXPERFECT mark.[3] Despite these facts, the district court conferred upon Corel rights to a family of xxxx-perfect marks in the home computer industry and entered an injunction based

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[3]Indeed, the district court expressly found that, with respect to the "family" marks, "[t]he evidence showed that the future use of the marks is in the hands of Novell [sic], and no evidence was presented on its plans for their future use." (Appendix, p. A-12).

on that family of marks. (Appendix, pp. A-12, A-28 through A-29).

Unlike Novell and Wordperfect, Corel, as owner of the trademarks, had the opportunity to show a likelihood of future harm. However, Corel did not do so (R. vol. 18). The courts below apparently found this failing of no moment and determined that mere ownership of a trademark or group of trademarks was sufficient to demonstrate standing to seek injunctive relief. Mere ownership should not automatically confer Article III standing to pursue injunctions against other parties based solely on that ownership.

Although petitioner's research has indicated that this specific issue is one of first impression, courts have held trademark or patent ownership insufficient to confer per se standing for injunctive relief in contexts other than infringement. In false designation cases under Title 15, Section 1125 of the United States Code, courts have held that a trademark or patent holder must still come forward with evidence demonstrating the contours of the harm that the plaintiff was likely to suffer if the defendant's acts continued. *PDK Labs v. Friedlander*, 103 F.3d 1105, 1112 (2nd Cir. 1997); *Havana Club Holding, S.A. v. Galleon, S.A.*, 62 F.Supp.2d 1085, 1096-99 (S.D.N.Y. 1999); *Heinz v. The Frank Lloyd Wright Foundation*, 229 U.S.P.Q. 201 (W.D. Wis. 1986).

Accordingly, this Court should grant the petition to resolve the split in the circuits and in order to address the

important issues presented in this case concerning standing in trademark infringement cases.

Respectfully submitted,

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Appendix

"U.S. COURT OF APPEALS
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CHARLES R. FULBRUGE III
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IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 99-10977
Summary Calendar

WORDPERFECT CORPORATION; NOVELL, INC.,
Successor in Interest to the WordPerfect Corporation;
COREL CORPORATION LIMITED,

Plaintiffs - Appellees,

versus

FINANCIAL SERVICES MARKETING CORPORATION,

Defendant - Appellant.

Appeal from the United States Court for the
Northern District of Texas
USDC No. 3-90-CV-2729-T

Before JOLLY, JONES, and BENAVIDES, Circuit Judges.
PER CURIAM:*

The judgment of the district court denying the appellant's motion to dismiss plaintiff Novell for lack of standing is AFFIRMED. Further, the amended judgment of the district court permanently enjoining the appellant from using the trademark TAXPERFECT is AFFIRMED on the basis of the district court's thoughtful and well reasoned Amended Findings of Fact and Conclusions of Law.

AFFIRMED.[1]

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*Pursuant to 5TH CIR. R. 47.5, the court has determined that this opinion should not be published and is not precedent except under the limited circumstances set forth in 5TH CIR. R. 47.5.4.

[1]It is further ordered that all of the appellant's pending motions are DENIED, and that the appellee's motion to remove WordPerfect Corporation as a party to the appeal is GRANTED.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NOVELL, INC., Successor in Interest
to WORDPERFECT CORPORATION, and
COREL CORPORATION LIMITED,

Plaintiffs,

v. No. 3:90-CV-2729-T

FINANCIAL SERVICES
MARKETING CORPORATION,

Defendant.

AMENDED FINDINGS OF FACT AND CONCLUSIONS OF LAW

This action came before the Court, Honorable Robert B. Maloney, presiding, on a non-jury trial concluded February 1, 1995, and the issues having been duly considered and a decision having been rendered, the Court enters the following amended findings of fact and conclusions of law pursuant to the mandate of the Court of Appeals for the Fifth Circuit. The Court expressly reserves the right to enter more extensive findings and conclusions should the Court consider it necessary.

Findings of Fact

Parties

1. Plaintiff WordPerfect Corporation is a Utah corporation with its principal place of business in Orem, Utah. WordPerfect Corporation develops, markets, and supports computer software. In 1994, WordPerfect Corporation merged with Novell, Inc., a Delaware corporation. Novell is the successor in interest to WordPerfect Corporation and is the owner of the trademarks of WordPerfect Corporation. Novell assigned its interest in the WordPerfect trademarks to Corel Corporation Limited. Novell, WordPerfect Corporation, and Corel will be referred to as WPCORP.

2. Defendant Financial Services Marketing Corporation (FSMC) is a Texas corporation with its principal place of business in Dallas, Texas. Financial Services Marketing Corporation develops and markets a tax preparation software program called TAXPERFECT.

WordPerfect Corporation

3. The personal computer industry began to take shape in the late 1970's. Initially, the personal computer software industry was divided into software that operated on computers manufactured by Apple Computer Company and software that operated on the IBM Personal Computer, known as the IBM PC, and the IBM PC-compatible machines, made by other manufactures. Programs written for use on PCs could not be run on Apple computers.

4. WPCORP introduced its first personal computer software product, WordPerfect, in 1982. WordPerfect is a word processing program. WPCORP first used the mark WordPerfect on June 6, 1982, and registered the mark on May 27, 1986. The registration is valid and subsisting.

5. Since 1982, WPCORP has extensively distributed word processing software in interstate commerce in connection with the WordPerfect trademark. At the time of trial, WPCORP has sold over $3 billion worth of WordPerfect software. WordPerfect is in widespread use; over 10 million copies have been sold. The Untied States court system, the Social Security Administration, the United States Navy, Army, and Air Force, the governments of Texas and California, the governments of Los Angeles and Phoenix, and numerous universities and school systems are extensive users of WordPerfect.

6. WPCORP has spent over $25 million advertising WordPerfect. WordPerfect is advertised widely, including in the computer industry magazines such as PC Magazine and PC World. Additionally, WPCORP extensively promotes WordPerfect at trade and industry conventions. These promotion efforts include maintaining display booths, holding meetings with software consumers, and displaying large banners bearing the name of WordPerfect. Finally, WPCORP promotes WordPerfect with collateral goods such as caps, tee-shirts, golf balls, and bookbags.

7. WordPerfect word processing software has won numerous awards recognizing its quality and features, including

PC World World Class Award 1992, BYTE Readers' Choice Award 1992, PC Magazine Editors' Choice Award 1992, and Government Computer News 1st Place Product Preference Survey 1992, and similar awards each year from 1986 to 1992.

8. In addition to WordPerfect, WPCORP acquired or developed and marketed a number of other personal computer software products which have also been widely distributed in interstate commerce.

9. WPCORP or its predecessor-in-interest first used the mark DataPerfect on December 31, 1981, and registered the mark on January 31, 1984.

10. WPCORP or its predecessor-in-interest first used the mark LetterPerfect on August 15, 1979, and registered the mark on March 13, 1984.

11. WPCORP first used the mark PlanPerfect on September 14, 1987, and registered the mark on July 26, 1988.

12. WPCORP first used the mark DrawPerfect on September 26, 1988, and registered the mark on July 4, 1989.

13. The registrations for DataPerfect, LetterPerfect, PlanPerfect, and DrawPerfect are valid and subsisting.

14. WPCORP sold over $75 million worth of DataPerfect, PlanPerfect, LetterPerfect, and DrawPerfect from 1988 to 1992.

15. WPCORP has advertised its products as a family of products. For example, WPCORP advertised WordPerfect and PlanPerfect together with the slogan, "WordPerfect is famous

for strong words. Now there is strength in numbers." Also, WPCORP conducted a campaign advertising WordPerfect, PlanPerfect, DataPerfect, and WordPerfect Library together with the slogan, "United We Stand. Divided We Stand, Too."

16. WPCORP acquired the federally registered marks SpellPerfect, LetterPerfect and DataPerfect and all goodwill associated with each mark by assignment from LJK Enterprises, Inc., a Missouri corporation, on February 13, 1987.

17. In March 1984, LJK had opposed the trademark registration application filed by WPCORP to register the WordPerfect trademark. That opposition was settled by mutual agreement. However, the positions of the parties to the settlement have little relevance to the computer industry over a decade later because of changed circumstances, including the increased market visibility of WordPerfect.

Financial Services Marketing Corporation

18. In 1981, Carlos Quinonez founded FSMC. Quinonez and his partner Ted Rockwell developed and began marketing a program for the preparation of federal income tax returns called SUPERTAX. SUPERTAX operated on Apple, Tandy, IBM PCs, and Commodore computers.

19. In 1986 and 1987, the business relationship between Quinonez and Rockwell dissolved. Rockwell owned the SUPERTAX mark. Desiring to continue to market tax-preparation software for use on the Commodore computer,

Quinonez began searching for a new mark. Quinonez eventually selected the mark TAXPERFECT.

20. FSMC first began using the mark TAXPERFECT on November 1, 1988. To date, most of FSMC's sales of TAXPERFECT have been to users of Commodore computers. However, the use of Commodore computers is declining as the brand has been discontinued.

21. On December 5, 1988, FSMC filed an application to register the mark TAXPERFECT with the Patent and Trademark Office. WPCORP opposed that registration, contending that the use fo the term TAXPERFECT infringes upon its WordPerfect mark.

Trademark Infringement,
Unfair Competition, and Dilution

22. The Court finds that the WordPerfect mark is eligible for protection. WPCORP first used the mark on June 6, 1982, and registered the mark on May 27, 1986. The registration is valid.

23. The Court finds that WPCORP is the senior user of the marks WordPerfect, DataPerfect, LetterPerfect, PlanPerfect, DrawPerfect and confusingly similar marks. FSMC first began using the mark TAXPERFECT on November 1, 1988. As found above, WPCORP first used its marks in commerce before FSMC's first use of the mark TAXPERFECT.

24. The Court finds that a likelihood of confusion exists between WPCORP's mark and the mark of FSMC. First, WordPerfect is a strong mark. Because of WPCORP's extensive sales, advertising and promotional efforts, WordPerfect is a famous and well-known mark, enjoying great recognition among the computer-using public. Furthermore, the mark WordPerfect is a suggestive mark and is, thus, inherently distinctive. Moreover, the mark WordPerfect has acquired a strong secondary meaning and a high degree of distinctiveness in identifying WPCORP's word processing product and support service. Although the term wordperfect appears in the dictionary, it does not directly refer to the word processing product and support service provided by WPCORP. WordPerfect merely suggests some characteristic of the product and service, and the reference of WordPerfect to the underlying product and service is sufficiently oblique to require the consumer to exercise his or her imagination to determine their nature.

25. FSMC presented evidence regarding third-party registrations of trademarks in the format Xxxx-Perfect. However, no evidence was presented tending to show that the use of these third-party marks weakened the WordPerfect mark.

26. Specifically, FSMC presented the evidence of Gregory Fischer. Fischer is a New York based software developer who had recently been involved in a trademark dispute with WPCORP. Fischer is the president of Micro Perfect Corporation (MPC).

27. Fischer testified that he had engaged in software development for twenty five years. He stated that he has used names for his software in the form of Xxxx-Perfect, and that he sold some of those products.

28. Fischer described dozens of products he claimed to develop. Most of these products are specialized or "vertical" market software products for specific business. Examples of these vertical market products include Auto Service Repair Perfect, Salon Perfect and Video Perfect. He was unable to testify as to the exact number of sales of these products or the dollar amount of sales these products generated. The figures he was able to state were unsupported by any documentation. He further testified that neither he nor MPC maintained business records documenting sales of products with an Xxxx-Perfect name.

29. Fischer acknowledge that, while most of his products are vertical, the software marketed under the WordPerfect trademark is a general purpose software that is "horizontal" in nature. Fischer indentified seven of his products that he classified as horizontal. No documentary evidence was introduced regarding the use of these horizontal products. For the products about which Fischer could testify based on his recollection, he stated he had sold only a minimal number of the horizontal products.

30. The Court finds that, for the most part, Fischer's testimony was not reliable. Fischer exhibited some bias because of his earlier dispute with WPCORP. Also, much of his

testimony could not be corroborated by other evidence. Nevertheless, even considering his testimony, the Court finds that his limited use of the Xxxx-perfect trademark did not weaken WPCORP's trademarks.

31. Fischer testified that on June 1, 1993, he executed an assignment to FSMC any rights and goodwill Micro Perfect possessed in the name TAXPERFECT. Fischer also testified that he entered into a settlement with WPCORP that allowed him to use and market certain software with name Xxxx-Perfect. He also stated that at the time he was using and marketing tax software. The settlement agreement with WPCORP, however, happened after Fischer had assigned any rights he had in TAXPERFECT to FSMC. Accordingly, the assignment could not have transferred any rights Fischer later received from WPCORP in the settlement. Furthermore, no evidence was presented that Fischer was actually using the mark TAXPERFECT at the time of the assignment to FSMC such that he had any rights in that mark to transfer.

32. The Court finds that WPCORP has established a family of marks of the format Xxxx-Perfect because of its sales and advertising efforts regarding LetterPerfect, DataPerfect, PlanPerfect, and DrawPerfect in connection with WordPerfect. However, this family of marks is of substantially weaker strength than that of the WordPerfect mark. Although WPCORP is not actively marketing DataPerfect, PlanPerfect, or DrawPerfect, FSMC did not present sufficient evidence demonstrating that WPCORP had abandoned these marks. The evidence showed that the future use of the marks is in the hands

of Novell, and no evidence was presented on its plans for their future use. Additionally, some evidence indicated that WPCORP has incorporated the functions of those products into other products. Lastly, at least one product, DrawPerfect has switched naming conventions away from the Xxxx-Perfect format to WordPerfect Presentations. The functions of this family of marks relevant to determination of likelihood of confusion is that they add to the strength of the WordPerfect mark and sensitize the public to the possibility that software products for personal computers of the Xxxx-Perfect format originate from the same source as WordPerfect.

33. The Court finds a high degree of similarity between WPCORP's marks and FSMC's mark. WordPerfect and the other relevant WPCORP marks and TAXPERFECT share the common sufix, Perfect. Although the prefix TAX suggests a different function than does Word, Letter, Data, Plan, or Draw, TAXPERFECT follows the convention of a prefix suggestive of a product's function combined with the suffix Perfect. Furthermore, in several advertisements for TAXPERFECT, the typesetting for the word TAXPERFECT appeared in th convention used for WordPerfect, with the letters T and P capitalized and the remaining letters in lower-case, i.e., TaxPerfect. The similarity in the convention of the marks is particularly relevant in this instance where differences in the packaging of WordPerfect and TAXPERFECT which otherwise might alert a potential buyer to the differences sources of the products is not generally available to the buyer, before purchase,

because TAXPERFECT is sold exclusively through direct sales methods.

34. WPCORP and FSMC offer similar products. TAXPERFECT is a program for the preparation of federal income taxes. WordPerfect is a word processing program. LetterPerfect is a streamlined version of WordPerfect. DataPerfect is a database program. PlanPerfect is a spreadsheet program. DrawPerfect is a graphics presentation program. Although each product is used for a different function, all are software products designed for use on personal computers. Finally, WPCORP recently introduced a tax software package, TaxSaver. Overall, the products are logically related and are such that they could originate from the same source.

35. WPCORP and FSMC compete for the same customers in home computer market. As evidenced by its sales, WordPerfect is a product used by virtually all segments of the computer-using market. While the potential purchasers of TAXPERFECT are those persons who prepare their own federal income tax returns, the potential purchasers of TAXPERFECT are a subset of the potential purchasers of WordPerfect. Furthermore, the evidence indicates that FSMC plans to expand its business in the markets of users of IBM PCs and PC-compatible computers, traditionally strong market areas of WPCORP, as FSMC's traditional market, users of Commodore computers, is declining.

36. WPCORP's and FSMC's advertising and marketing is only somewhat similar, but they do have areas of definite

overlap. Generally, WPCORP extensively promotes WordPerfect and its other products, for example, widely advertising them in computer magazines. Additionally, WPCORP uses other promotional efforts such as attendance at computer industry conferences and sales of collateral goods. WordPerfect is primarily sold in retail stores, but it is also sold through direct sales methods and mail order. In contrast, FSMC markets TAXPERFECT by direct sales methods, such as direct mail. Although FSMC advertises TAXPERFECT in magazines, to date it has not advertised in any magazine used by WPCORP. TAXPERFECT is not sold in retail stores. However, TAXPERFECT has been reviewed in PC Magazine and PC World Magazine, two publications in which WPCORP heavily advertises WordPerfect. Additionally, the decline of FSMC's traditional Commodore market will force it to promote TAXPERFECT in advertising channels traditionally used by WPCORP.

37. The evidence was insufficient to show that FSMC intended to benefit from the reputation or goodwill of WPCORP's products. FSMC offered credible evidence that it selected the mark TAXPERFECT without the intent to profit from the goodwill of WPCORP's marks.

38. No evidence indicates an instance of actual confusion between TAXPERFECT and a WPCORP product since the mark TAXPERFECT went into use in November 1988. However, the sales of TAXPERFECT have been relatively small to date, thus reducing the chances of actual confusion occurring.

39. The degree of care exercised by potential purchasers is not generally such to preclude confusion as to the source of TAXPERFECT. Although a potential buyer of computer software will exercise some degree of care to ensure that a product will operate on his or her computer and will fit his or her needs, the computer capacity requirements of WordPerfect are such that any computer capable of operating WordPerfect can usually operate TAXPERFECT. Additionally, expert testimony showed that software consumers tend to base purchase decisions on experiences at work or school and to translate those expenses in their home purchases through association with software trademarks. Of course, this analysis addresses only potential customers who are shopping for software other than updates to WordPerfect or TAXPERFECT, as those persons are extremely unlikely to be confused in purchasing updates or modifications for those products. Because of the nature of federal income taxes, current owners of TAXPERFECT software must purchase updates annually. Additionally, WPCORP continually modifies and improves WordPerfect and markets these modifications to current owners.

40. Approximately 30 million households in the United States possesses a home computer. WPCORP conducted a consumer survey of 400 of those households. The survey demonstrated that a substantial number of the relevant consuming public would be confused as to the source or origin of TAXPERFECT and would think that TAXPERFECT and WordPerfect are made by a common source. Specifically,

approximately 26 percent of those surveyed, representing about 7.8 million households, believed that a common source made WordPerfect and TAXPERFECT. Furthermore, approximately 32 percent of those surveyed who are current or potential users of a personal tax program demonstrated this confusion. The overwhelming majority of those confused ascribed the confusion to the use of the suffix Perfect.

Although FSMC attacks the validity and weight to accorded the survey, the Court finds that it was a properly conducted telephone consumer survey designed to measure likelihood of confusion and accords it substantial weight. The survey was designed and coordinated by an expert with over 23 years of experience in the field, and the interviews were conducted by trained personnel. The survey examined the proper universe–approximately 2500 households were contacted to finally survey 400 households in which a personal computer was used by an adult. The sample was generated by a computer database that randomly generated telephone numbers. WPCORP's expert testified that the questionnaire was designed according to statistical standards generally accepted in the field. The survey used open-ended questions to determine whether confusion existed as to the source of TAXPERFECT and as to the cause of that confusion. Significantly, the survey was a double-blind study, that is neither the interviewers nor those surveyed had any knowledge of the purpose of the survey or for whom it was being conducted. Finally, the survey never mentioned the mark WordPerfect.

41. In light of the factors considered in paragraphs 22 through 40 above, particularly the strength of the WordPerfect mark, the similarity of the products and the marks, the fact that FSMC and WPCORP compete for the same customers in the home computer market, and the results of the consumer survey, the court finds that FSMC's use of the mark TAXPERFECT is likely to cause confusion, or to cause mistake or to deceive. FSMC's use of TAXPERFECT is also likely to dilute the distinctive quality of the WordPerfect mark.

42. The Court's findings reveal that WPCORP faces irreparable harm because it cannot control the quality of FSMC's products or services. WPCORP's goodwill associated with the mark WordPerfect and, to a lesser degree, associated with the family of marks in the form Xxxx-Perfect, may be damaged where customers are dissatisfied with the quality of TAXPERFECT they receive from FSMC yet associate that experience with WordPerfect. Moreover, such injury to WPCORP outweighs that faced by FSMC. WPCORP has invested millions of dollars in developing, improving, promoting, and supporting WordPerfect and its other software products and the goodwill associated with those products. In contrast, FSMC has made far less extensive use of the TAXPERFECT mark and invested substantially less money in developing and promoting TAXPERFECT. Finally, the Court determines that the public policy would be served by the issuance of an injunction where it is in te aid of enforcing federal statutory rights and is in the aid of legitimate commerce.

43. This case is not exceptional so as to warrant an award of attorney's fees as the evidence did not indicate particularly culpable conduct on the part of FSMC. For example, FSMC's conduct was not shown to be malicious, fraudulent, or deliberate.

Conclusions of Law

1. The Court has subject matter jurisdiction over WPCORP's trademark infringement and unfair competition claims pursuant to 15 U.S.C. § 1121 and 28 U.S.C. § 1338. The Court has supplemental subject matter jurisdiction over WPCORP's claims for trademark infringement and unfair competition under Texas common law and its claim for injury to business or dilution of trade name or mark under Tex. Bus. & Com. Code Ann. § 16.29 (Vernon Supp. 1995). FSMC is a Texas resident and has not asserted an objection to personal jurisdiction in this Court. Venue is proper in this Court under 28 U.S.C. § 1391.

2. WordPerfect Corporation merged with Novell, Inc., a Delaware corporation, and all of its trademarks and associated goodwill, and the right to maintain suits for infringement of those marks, became Novell's by operation of the Agreement of the Merger and law. DEL. CODE. ANN. tit. 8, §§ 252, 259, 261; Utah Code. Ann. §§ 16-10 to 1106(1).

3. To receive an injunction for trademark infringement, WPCORP must prove, by a preponderance of the credible evidence, that: (1) the name or mark it seeks to protect is eligible for protection; (2) that WPCORP is the senior user of the name

or mark; (3) that a likelihood of confusion exists between WPCORP's name or mark and the name or mark of FSMC; and (4) that the likelihood of confusion will actually cause WPCORP injury for which there is no adequate legal remedy. *Union Nat'l Bank of Texas, Laredo, Texas v. Union Nat'l Bank of Texas, Austin, Texas*, 909 F.2d 839, 844 (5th Cir. 1990); see 15 U.S.C. § 1114.

4. Several factors should be considered in the issue of likelihood of confusion including: (1) the strength of WPCORP's marks, (2) the similarity of design between the marks, (3) the similarity of the products, (4) the identity of the purchasers, (5) the similarity of the advertising media used, (6) FSMC's intent in adopting the mark TAXPERFECT, (7) any actual confusion, and (8) the degree of care exercised by potential purchasers. *Oreck Corp. v. U.S. Floor Systems, Inc.*, 803 F.2d 166, 170 (5th Cir. 1986). A finding of likelihood of confusion need not to be supported by a majority of the factors, *Armco, Inc. v. Armco Burglar Alarm Co.*, Inc., 693 F.2d 1155, 1159-60 (5th Cir. 1982), and different factors weigh more heavily in certain circumstances. *Marathon Mfg. Co. v. Enerlite Products Corp.*, 767 F.2d 214, 218 (5th Cir. 1985).

5. The type or strength of a mark is determined by its distinctiveness or degree of arbitrariness in relation to the product with which it is used. Generally, a particular mark must be classified to determine the scope of protection to be afforded to it: (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful. *Union Nat'l Bank of Texas, Laredo, Texas v. Union Nat'l Bank of Texas, Austin, Texas*, 909 F.2d 839, 844-45

(5th Cir. 1990); *American Automobile Ass'n v. AAA Ins. Agency, Inc.*, 618 F. Supp. 787, 792 (W.D. Tex. 1985). Generic terms, common descriptive names for products (e.g., "car" or "bread"), are never entitled to trademark protection. *Union Nat'l Bank*, 909 F.2d at 844. Descriptive terms identify a characteristic or quality of the product. *Id.* at 845. For example, a descriptive term might be an adjective that describes a service such as "friendly" or "speedy" or it might be a word like "convenient" used in the context of convenience stores. *Id.* A descriptive term is entitled to protection only if it is shown to have acquired a degree of distinctiveness in identifying a particular user's product or service. *Id.* at 844; *American Auto*, 618 F. Supp. at 792. A suggestive term is one that suggests, rather than describes, some particular characteristic of the product or service to which it applies and requires the consumer to exercise his or her imagination to determine the nature of the product or service. *Union Nat'l Bank*, 909 F.2d at 845. Finally, arbitrary or fanciful terms are either coined phrases or do not suggest the product or service. *Id.* Suggestive and arbitrary or fanciful terms are entitled to protection without proof of secondary meaning. *Id.* at 844.

6. Proof of registration of a trademark with the United States Patent and Trademark Office constitutes prima facie evidence of the registrant's exclusive right to use the mark in commerce for the product specified in the registration. *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1184-85 (5th Cir. 1980), *cert. denied*, 450 U.S. 981 (1981). Proof of registration does not preclude an opponent from "proving any legal or equitable

defense or defect which might have been asserted if such mark had not been registered." 15 U.S.C. 115(a). If a registrant has used its mark in connection with the product identified in the registration for five continuous years after the registration date and has filed the appropriate affidavit, the mark is deemed incontestable. 15 U.S.C. § 1065. The registration of an incontestable mark is conclusive evidence of the registrant's exclusive right to use the mark, subject only to the seven defenses enumerated in 15 U.S.C. § 1115(b). *Soweco, Inc.*, 617 F.2d at 1184. An incontestable mark is conclusively presumed to be nondescriptive and cannot be challenged as lacking secondary meaning. *Id.* at 1184-85.

7. Trademark Registration No. 1,394,667 for the mark WordPerfect is incontestable within the meaning of 15 U.S.C. § 1065 because on December 20, 1991, WPCORP filed the appropriate affidavit prescribed by the Lanham Act and the affidavit was accepted on or about April 20, 1992, by the Commissioner of Patents and Trademarks.

8. Trademark Registration No. 1,269,638 for the mark LetterPerfect is incontestable within the meaning of 15 U.S.C. § 1065 because on December 18, 1989, WPCORP filed the appropriate affidavit prescribed by the Lanham Act and the affidavit was accepted on or about May 5, 1990, by the Commissioner of Patents and Trademarks.

9. Although FSMC presented evidence regarding third-party registrations of trademarks in the format Xxxx-Perfect, no evidence was presented tending to show that the nature and

extent of the use of these third-party marks weakened the WordPerfect mark. *Scarves by Vera, Inc. v. Todo Imports Ltd.*, 544 F.2d 1167, 1173-74 (2d Cir. 1976) (holding district court erred in ruling that registration alone of similar third-party marks weakened disputed mark because of the absence of evidence indicating the use and recognition of the third-party marks); *Service Merchandise Co. v. Service Jewelry Stores, Inc.*, 737 F. Supp. 983, 995-96 (S.D. Tex. 1990) (finding that registrations of similar third-party marks alone did not show that disputed mark was weak in the absence of evidence of use of the marks).

10. A family of marks is a group of marks having a recognizable common characteristic, wherein the marks are composed and used in such a way that the public associates not only the individual marks, but the common characteristic of the family, with the trademark owner. *J&J Snack Foods Corp. V. McDonald's Corp.*, 932 F.2d 1460, 1462 (Fed. Cir. 1991).

11. Although WPCORP is not currently actively marketing DataPerfect, PlanPerfect, or DrawPerfect, WPCORP still holds those products in inventory and will sell them to interested purchasers. Overall, FSMC failed to prove by a preponderance of the credible evidence that WPCORP intended to abandon those marks. *Exxon Corp. v. Humble Exploration Co., Inc.*, 695 F.2d 96, 99 (5th Cir. 1983).

12. The similarity of the products sold by WPCORP and FSMC and the identity of the customers for whom they compete are important factors in determining likelihood of confusion. A finding of infringement does not require that the

products or services be identical. *Professional Golfers Ass'n of America v. Banker's Life & Casualty Co.*, 514 F.2d 665, 669-70 (5th Cir. 1975). Instead, infringement may be found where "the sponsor or maker of one business or product might naturally be assumed to be the maker or sponsor of another business or product." *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 488 (5th Cir. 1971); see also *Fuji Photo Film Co., Inc. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 596 (5th Cir. 1985) (stating confusion as to source, sponsorship, or affiliation is sufficient for a finding of infringement). Additionally, two parties compete for the same customers where the potential customers of one party is a subset of the potential customers of the other. See *Eclipse Assoc. Ltd. v. Data General Corp.*, 894 F.2d 1114 (9th Cir. 1990). Lastly, evidence indicating that one party may expand its business to compete with the other weighs heavily in favor of finding that the present use is infringing. *See AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 354 (9th Cir. 1979).

13. Good faith on FSMC's part is not a defense to trademark infringement. *Fuji Photo Film Co, Inc., v. Shinohara Shoji Kabushiki*, 754 F.2d 591, 596 (5th Cir. 1985).

14. Evidence of actual confusion between the relevant marks, while the best evidence of the likelihood of confusion, is not required nor dispositive. *Exxon Corp. v. Texas Motor Exch. of Houston, Inc.*, 628 F.2d 500, 506-07 (5th Cir. 1980).

15. A statistical survey, properly conducted, should be accorded substantial weight. *Exxon Corp. v. Texas Motor Exch.*

of Houston, Inc. 628 F.2d 500, 506-07 (5th Cir. 1980). The proponent of a survey should establish that the proper universe has been examined, that a representative sample has been drawn from that universe, and that the mode of questioning those surveyed was correct. *Id.*; *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 263-64 (5th Cir. 1980) (stating proper universe is the set of consumers most likely to purchase relevant products). The proponent should show: (1) that the persons conducting the survey were experts; (2) the data gathered was accurately reported; (3) the sample design, questionnaire, and interviewing were in accordance with generally accepted standards of statistical procedure in the field of consumer surveys; (4) the sample design and interviews were conducted independently of the attorneys; and (5) trained interviewers had no knowledge of the purpose of the survey or litigation. *King-Size, Inc. v. Frank's King Size Clothes, Inc.*, 547 F. Supp. 1138, 1157-58 (S.D. Tex. 1982).

16. An exceptional case, for which attorney's fees may be imposed is one in which the infringement can be characterized "malicious, fraudulent, deliberate, or willful." *Texas Pig Stands, Inc. v. Hard Rock Café Int'l*, 951 F.2d 684, 696-97 (5th Cir. 1992). Generally, a high degree of culpability must be shown on the part of the infringer, such as bad faith or fraud. Id. (rejecting jury finding that infringing acts were intentional and without innocent purpose as insufficient ground for district court's imposition of attorney's fees because the jury finding did not approach the standard of "deliberate pirating" or "egregious conduct").

17. The test for a claim of unfair competition under 15 U.S.C. § 1125(a) is essentially the same as that for trademark infringement. *Sun-Fun Products, Inc. v. Suntan Research & Development, Inc.*, 656 F.2d 186, 192 (5th Cir. 1981).

18. A person may also receive an injunction to enjoin an act likely to injure a business reputation or to dilute the distinctive quality of a registered mark. TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon Supp. 1995). This section offers broader protection than federal law because it authorizes relief regardless of whether there is competition between two parties or confusion as to the source of goods or services. *Id.*; *Service Merchandise Co. v. Service Jewelry Stores, Inc.*, 737 F. Supp. 983, 999 (S.D. Tex. 1990).

19. WPCORP did not provide authority regarding the elements necessary to show trademark infringement under Texas common law. Presumably, WPCORP is content to rely on its federal claims and state statutory claim.

Reasons for Judgment

Based on the findings of fact and conclusions of law, the Court concludes that a permanent injunction should issue against Defendant Financial Marketing Services Corporation enjoining it from using the trademark TAXPERFECT in connection with the sale of computer software for use on personal computers. Additionally, the Court shall certify an order to the Commissioner of Patents and Trademarks denying registration to Defendant's application Serial No. 767, 569 for the mark TAXPERFECT pursuant to 15 U.S.C. § 1119. The

Court finds such a permanent injunction and certified order reasonable and sufficient remedy under all the circumstances.

Signed this "2nd" day of August 1999.

"/s/ Robert B. Maloney"
Robert B. Maloney
U.S. District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NOVELL, INC., Successor in Interest
to WORDPERFECT CORPORATION, and
COREL CORPORATION LIMITED,

Plaintiffs,

v. No. 3:90-CV-2729-T

FINANCIAL SERVICES
MARKETING CORPORATION,

Defendant.

AMENDED FINAL JUDGMENT

This action came before the Court, Honorable Robert B. Maloney, presiding on a non-jury trial concluded February 1, 1995, and the issues having been duly considered and a decision having been rendered pursuant to the mandate of the Court of Appeals for the Fifth Circuit:

It is ORDERED and ADJUDGED that Defendant Financial Marketing Services Corporation, its officers, agents, servants, employees and attorneys, and those persons in active concert or participation with them who receive actual notice of

this order, are permanently enjoined from using the trademark TAXPERFECT in connection with the distribution, advertising, sales, or service of computer software for use on personal computers. Accordingly, the Court shall certify an order to the Commissioner of Patents and Trademarks denying registration to Defendant's application Serial No. 767, 569 for the mark TAXPERFECT pursuant to 15 U.S.C. § 1119.

It is FURTHER ORDERED and ADJUDGED that all relief not specifically granted herein is denied.

Signed this "2nd" day of August 1999.

"/s/ Robert B. Maloney"
Robert B. Maloney
U.S. District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NOVELL, INC., Successor in Interest
to WORDPERFECT CORPORATION, and
COREL CORPORATION LIMITED,

Plaintiffs,

v. No. 3:90-CV-2729-T

FINANCIAL SERVICES
MARKETING CORPORATION,

Defendant.

ORDER DENYING DEFENDANT'S MOTION
TO DISMISS NOVELL, INC.

Before the Court is Defendant's Motion to Dismiss Plaintiff Novell, Inc. The motion is opposed. After consideration, the Court is of the opinion that the motion should be denied.

Defendant seeks dismissal of Plaintiff Novell, Inc., on the basis that this Court lacks subject matter jurisdiction over its claims. Specifically, Defendant asserts that Novell lacks standing to maintain the claims it brings as the substituted party-

in-interest to the suit, and therefore no case or controversy exists in this dispute concerning Novell. Novell responds that it does in fact retain an interest in this dispute, and that dismissal of its claims would be improper. The Court begins its analysis of this motion with a review of the procedural history of this dispute.

The original plaintiff, WordPerfect Corporation, filed this trademark infringement suit against Defendant in 1990. In 1994, Novell purchased the assets of WordPerfect, including the WordPerfect and Xxxx-Perfect trademarks. In March of 1995, following a trial on the merits, the Court entered judgment for WordPerfect, permanently enjoining Defendant from infringing on WordPerfect's trademarks. Defendant appealed. While the appeal was pending before the Court of Appeals for the Fifth Circuit, Novell transferred its interest in the WordPerfect and Xxxx-Perfect trademarks to Corel.

On appeal, the Fifth Circuit panel did not address the merits of Defendant's appeal. Rather, on April 15, 1996, the panel vacated the judgment of this Court on the basis that the Court erroneously excluded relevant evidence at trial which resulted in incomplete factual findings and legal conclusions. The panel remanded the case to give this Court the opportunity to make additional findings of fact and conclusions of law. This Court will issue supplemental findings and conclusions by separate order.

On remand, this Court granted WordPerfect's unopposed motion to amend the complaint to substitute Novell

as its successor-in-interest, and to add Corel as an additional interested party. The amended complaint was filed on January 14, 1997. As such, WordPerfect is no longer a party to this suit, and Novell and Corel are the named plaintiffs. Pursuant to the Fifth Circuit's mandate, the Court heard testimony in this action in January of 1997. On March 7, 1997, Defendant filed the instant motion to dismiss Novell as a party.

Defendant argues that Novell's assignment of its rights, title and interest in and to all of its Xxxx-Perfect trademarks to Corel on March 1, 1996 during the pendency of the appeal, necessarily means that Novell no longer owns any of the property which gave it standing to prosecute this action. Defendant also points out that Novell waived all damages well before trial on June 10, 1994, which leaves only injunctive relief available.[1] Based on these two factors, Defendant argues that Novell no longer has standing to bring claims in this dispute and should therefore be dismissed from the suit for lack of a case or controversy.

Novell counters that Defendant's argument ignores the legal standards which govern transfers of interests during the course of litigation. Specifically, Novell argues that Fed. R. Civ. P. 25(c) allows for the joinder of the transferee to a suit and, by its own terms, contemplates the transferee's staying in the litigation. Further, asserts Novell, Defendant has failed to take into account the fact that Novell has a stake in this litigation on

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[1]Because Novell was substituted for WordPerfect as a plaintiff, it assumes WordPerfect's previous actions and posture in this litigation.

the basis of its potential liability in a related defamation action which Defendant filed against it.[2] The statements at issue in the defamation suit relate directly to who holds the rights to one of the Xxxx-Perfect marks, which in turn depends upon the findings of this Court regarding who holds the rights to such marks.

First, the Court notes that Fed. R. Civ. P. 25(c) supports Novell's position that it may remain in the litigation despite transferring its interest in the subject matter of the litigation. *See ELCA Enterprises, Inc., v. Sisco Equipment Rental & Sales, Inc.*, 53 F. 3d 186, 191 (8th Cir. 1995). Second, the Court concludes that Novell has a continuing stake in the outcome of this litigation because a finding of infringement would directly affect the underlying merits of the related defamation case and Novell's liability therein. As such, the Court finds that Novell's interests in this litigation are not moot.

The Court has considered the arguments of both parties and concludes that it has jurisdiction over Novell's claims. The Court, therefore, denies Defendant's motion to dismiss Novell from this suit.

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[2]Defendant filed the defamation action in state court against WordPerfect, J. Thomas McCarthy, and Limbach & Limbach. Defendants removed to the Northern District of Texas, case number 3:94-cv-1532-D. This case has been stayed pending the resolution of the instant case.

It is therefore ORDERED that Defendant's Motion to dismiss Plaintiff Novell, Inc., filed on March 7, 1997, is hereby denied.

Signed this "27th" day of January, 1998.

"S/ Robert B. Maloney"
Robert B. Maloney
U.S. District Judge